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State's Economy Shapes Up in September

The Pennsylvania economy got back on track in September after a slight summer setback. But economic growth was again concentrated in the service sector while manufacturing industries underwent further structural changes.

Both composite indexes of the state's economy rose in September. The leading index rose a slight 0.1 percent, after falling a revised 0.9 percent in August. This index, which typically signals future changes in the direction of economic activity, has been oscillating during the past twelve months with a small positive net gain.

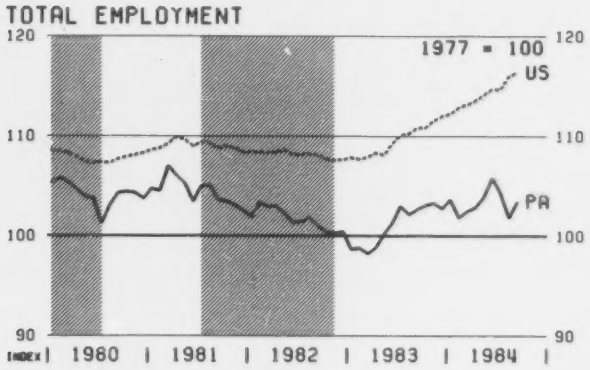
The composite index of coincident indicators rose 0.5 percent, following declines of 0.9 percent and 1 percent in July and August, respectively. The performance of this index during the third quarter was greatly influenced by movements in total employment.

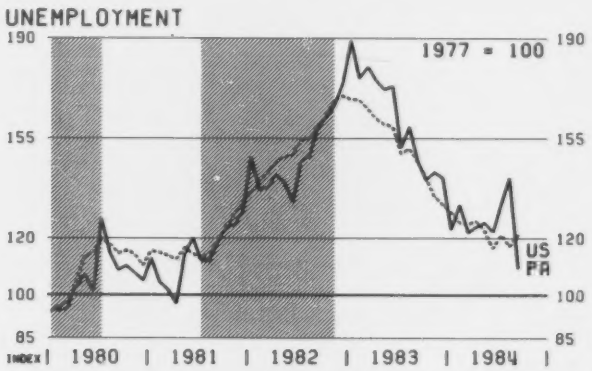
The seasonally adjusted level of employed state residents, one of three components of the coincident index, rose in September after falling in both July and August. September's increase supported the presupposition made last month that the disproportionately large drop in August's employment level was due to inadequate seasonal adjustment.

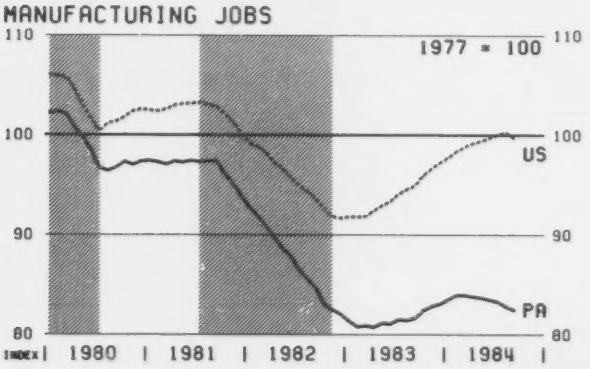
The reference week of the U.S. Bureau of Labor Statistics' Current Population Survey from which these data are derived was later than usual in August. The survey is conducted during the week that contains the twelfth of the month. In August, it was conducted the week of the twelfth through the eighteenth, by which time many students had left summer jobs to return to school. The seasonal adjustment factors, which are based on historical experience, thus undercompensated for this phenomena in August and overcompensated for it in September.

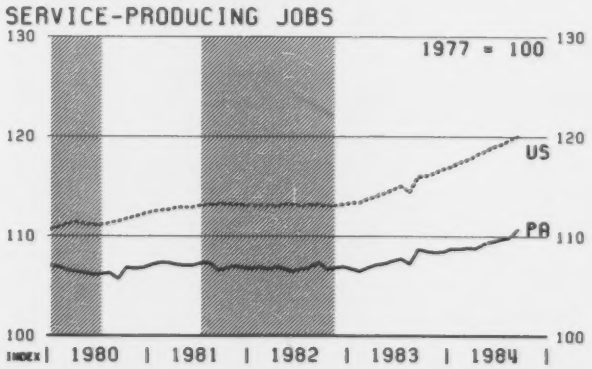
Nevertheless, a comparison of quarterly averages, which eliminates these biases, shows some deterioration of employment conditions in the July-September quarter. Employment levels were down 1 percent, and the unemployment rate rose to 9.9 percent from second quarter's 9 percent.

But because leading employment indicators remained hearty, total employment should grow modestly during









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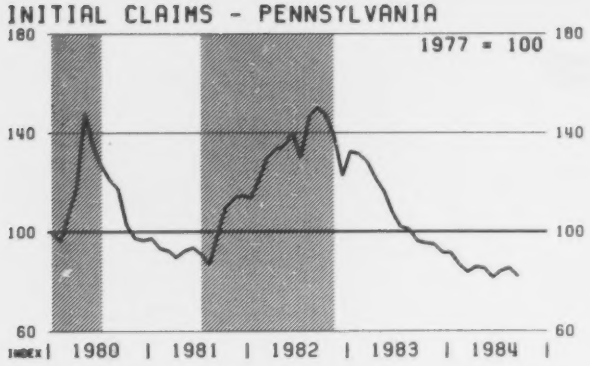

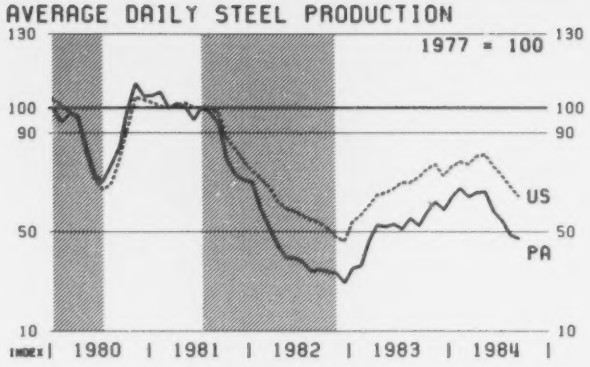

the current quarter.

One of these indicators, new claims for unemployment compensation, dropped below 100,000 for the first time since September 1978. The seasonally adjusted level of initial claims was only 82 percent of the level prevailing in 1979 before the two most recent recessions.

The vitality of the economy differs markedly by sector. The service-producing sector employed a record number of workers in September. Employment in all major industry groups in this sector, except transportation industries and state and local government, exceeded pre-recession levels, and many industry groups

Economic Activity in Pennsylvania	1984 Aug.	1984 Sept.	1983 Sept.	Seasonally Adjusted Indexes (1977 = 100) 1984 Aug.	1984 Sept.	1983 Sept.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,631.*	4,644.	4,569.	101.0*	101.1	99.5
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,506.*	3,520.	3,458.	108.6	108.9	106.9
Manufacturing						
No. of wage and salaried jobs (thous.)	1,119.*	1,117.	1,106.	82.8*	82.4	81.7
Ave. wkly. hrs. worked by prod. workers	39.9*	40.0	39.9	101.2*	100.9	100.7
Total wkly. person-hours worked (mils.)	30.8*	30.9	30.3	79.8*	79.7	78.0
Total wkly. payroll (mil. dols.)	286.5*	290.9	272.5	127.3*	127.9	119.8
Steel production (thous. tons)	953.*	950.	1,056.	48.	47.	52.
Industrial electric power sales (mil. kwh)	3,683.	3,579.	3,571.	100.	95.	95.
Mining						
Anthracite coal (thous. net tons)	458.	402.	387.	79.	86.	79.
Bituminous coal (thous. net tons)	6,731.	n.a.	5,820.†	88.	n.a.	76.†
Construction contracts awarded (mil. dols.)						
Total	529.9	572.7	548.3*	139.	172.	157.*
Residential building	257.2	206.3	223.1*	133.	130.	128.*
Other building	164.4	275.3	210.9*	144.	260.	189.*
Nonbuilding (utilities and public works)	108.2	91.1	114.3*	142.	121.	168.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	5,045.	5,018.	4,979.	101.9	103.4	102.7
Unemployed						
No. of persons (thous.)	538.	479.	551.	141.2	109.5	147.0
Rate (percentage of labor force)	9.6	8.7	10.0			
Rate, seasonally adjusted	10.4	9.5	10.8			
Civilian labor force, no. of persons (thous.)	5,583.	5,497.	5,530.	104.9	103.9	106.1
Initial claims for unemployment benefits	104,100.	91,693.	114,341.	85.3	82.0	96.1

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Aug.	1984 Sept.	1983 Sept.	Percentage Change Month Ago	Year Ago
U.S. city average	313.0	314.5	301.8	+0.5	+4.2
Philadelphia	302.9	303.9	291.4	+0.3	+4.3
Pittsburgh	319.1	n.a.	310.2†	n.a.	+2.9
Northeast PA	n.a.	298.2	287.2	n.a.	+3.8

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for August 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
February 1984	104.2	89.2	1.2	0.1
March	103.9	88.6	-0.3	-0.7
April	103.9	89.1	0.0	0.6
May	104.4	89.5	0.5	0.4
June	104.1	90.1	-0.3	0.7
July	104.4	89.3	0.3	-0.9
August	103.5	88.4	-0.9	-1.0
September	103.6	88.8	0.1	0.5

were operating at record highs.

Employment in transportation industries remained more than 17 percent below the 1979 average. Over half of the 32,000 fewer transportation workers were cut from payrolls of the state's railroads. The railroad industry has been mired down by depressed shipments of steel and coal.

In contrast to industries in the service-producing sector, major industry groups in Pennsylvania's goods-producing sector employed fewer workers and were operating at levels below those prevailing before the recent recessions. After seasonal adjustment, durable goods manufacturing industries employed 24.8 percent fewer workers in September than in 1979, nondurable goods factories employed 12.9 percent fewer, mines 26.5 percent fewer, and construction industries 15 percent fewer workers.

Seasonally adjusted manufacturing employment inched down in September for the sixth consecutive month while the average length of the factory workweek was little changed. Total person-hours worked, the broadest measure of labor effort, fell a slight seasonally adjusted 0.2 percent in September, following a more substantial 1.5 percent drop in August.

One of the major industry groups holding back the manufacturing sector is the steel industry. Steel production in the state fell to its lowest seasonally adjusted level since March 1983. However, the 2.9 percent drop in September was the smallest in the four straight months of decline.

Pennsylvania, historically the nation's leading steel-producing state, accounted for only 14.9 percent of total U.S. steel production in September while 18.8 percent was produced in Ohio and 17.9 percent was produced in Indiana.

Employment levels in Pennsylvania's primary metals industries have also been declining. In September, 122,500 workers were employed in this industry group, down from the latest peak of 130,100 workers in May and June. Although the monthly declines are nowhere near the sharp drops experienced during the recession, they are being made from a much reduced level; in 1979, an average 204,100 workers were employed in the state's primary metals industry group.

The level of industrial electric power sales reflected the slump in the steel industry, a major user of electric power. The seasonally adjusted level of sales fell 4.7 percent in September to its lowest level since October 1983. It remained 13.2 percent above the recession low of December 1982 but was 11.4 percent below the level prevailing in 1979.

The latest decline in employment in Pennsylvania's mines, which began last February, was curtailed in September, as the seasonally adjusted level rose 0.3 percent. Production of anthracite coal in the first three quarters of the year was running 26 percent ahead of the level in the same period last year while 23.1 percent more bituminous coal had been mined in the state in the first eight months of 1984 compared to the first eight months of 1983.

Pennsylvania's construction industry revived somewhat in September after two slow summer months. The seasonally adjusted employment level in the building industries rose 1.4 percent after little change in July and August. At the same time, the seasonally adjusted value of total contract construction awards rose 23.9 percent, following drops of 13.8 percent in July and 16.6 percent in August.

September's increase was fueled by nonresidential building awards, which rose 80.7 percent in value after seasonal adjustment. The value of these awards has trended up since the beginning of the year, with the larger gain in the eastern half of the state.

The values of residential building awards and nonbuilding awards both fell in September. But the cumulative nine-month totals for the year were running ahead of last year by 18 percent and 45 percent, respectively. Nonresidential building awards in the first nine months of the year were 39 percent ahead of the nine-month total last year.

The third-quarter slowing in economic growth helped keep the lid on inflation. The consumer price index for all urban consumers, before seasonal adjustment, rose 0.5 percent in September and was 4.2 percent higher than a year earlier. The September increase was paced by a 1.1 percent jump in gasoline prices and a slim decline of 0.1 percent in food costs.

In the Philadelphia area, local retail prices rose 4.3 percent from September 1983, nearly matching the national average. Pittsburgh, with a more sluggish economy, experienced a smaller 2.9 percent rise in consumer prices.

— Norma I. Gavin

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Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy continued to expand in the July-September quarter, but there were signs that the expansion was cooling off.

More area residents were employed last quarter than in any previous quarter. However, the quarterly increase was slightly less than the usual seasonal rise. Therefore, the seasonally adjusted level of total employment fell a small 0.3 percent.

At the same time, the seasonally adjusted unemployment rate rose to 5.7 percent from 5.4 percent in the second quarter. But it was far below the average quarterly jobless rate for the state and was only 0.1 of a percentage point above Lancaster's third-quarter rate, which was the lowest among Pennsylvania's metropolitan areas.

The seasonally adjusted total number of nonfarm industry jobs in the area recorded a new high last quarter. Among the 229,700 workers employed in these industries, 82 percent were on payrolls of nonmanufacturing establishments. The nonmanufacturing job level rose a seasonally adjusted 0.8 percent in the third quarter, registering a new all-time high.

The seasonally adjusted number of manufacturing jobs in the Harrisburg area also rose. But the 0.2 percent increase was the smallest in the six straight quarters of growth in this sector.

Furthermore, factory workers were working shorter hours. The seasonally adjusted number of hours worked by production workers in the area's manufacturing industries fell to 39.7 hours from 40.5 hours in the second quarter and a high of 41 hours in the first quarter. A shorter workweek relieves pressure on businesses to hire more employees.

Sales of electricity to industrial users, which reflect short-run changes in industrial output, continued to grow in the third quarter. The seasonally adjusted level of sales advanced 3.3 percent but remained more than 10 percent below the 1979 average.

Business spending in the area, as reflected in construction contracts, was way up. The total value of nonresidential building awards in the first three quarters was almost four times the level in the first three quarters of last year. Local businesses are banking on a bright future for the Harrisburg area.

Lancaster

The Lancaster area economy remained one of the strongest among the state's metropolitan areas in the third quarter, but the gains were few and small.

The seasonally adjusted unemployment rate rose to 5.6 percent last quarter from the remarkably low 4.8 percent registered in the second quarter. Nevertheless, it remained the lowest among the state's metropolitan areas and was far below the average for the state.

The seasonally adjusted number of area residents fell back a slight 0.4 percent from second quarter's all-time high. It remained 1.6 percent ahead of the level in the same quarter a year earlier.

The 0.7 percent increase in the seasonally adjusted average number of nonfarm industry jobs came short of regaining the 1.1 percent drop registered in the second quarter. However, by the end of the quarter, the record high of 157,500 jobs had been regained.

The recovery in the area's manufacturing sector slowed significantly last quarter. The slight 0.2 percent increase in the seasonally adjusted factory job level was the smallest in the six straight quarters of increase. In addition, the seasonally adjusted average length of the factory workweek was unchanged at 39.8 hours, after dropping from first quarter's high of 40.5 hours in the second quarter.

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	236.2	115.	115.	113.
Unemployed, no. of residents	13.3	116.	108.	130.
Rate, seasonally adjusted	5.7			
Civilian labor force, no. of residents	249.5	115.	115.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	231.7	110.	110.	108.
Nonmfg. only, no. of jobs	186.6	112.	111.	110.
Mfg. only, no. of jobs	43.1	106.	106.	101.
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	100.	102.	101.
Industrial electric power sales	***	97.	94.	92.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	31.5	– 22.	+ 9.
Nonresidential bldg. contracts only	111.0	+289.	+865.

[1]Cumberland, Dauphin, and Perry Counties.

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	183.7	114.	114.	109.
Unemployed, no. of residents	9.7	129.	112.	144.
Rate, seasonally adjusted	5.6			
Civilian labor force, no. of residents	193.4	115.	114.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	156.7	111.	110.	108.
Nonmfg. only, no. of jobs	98.9	117.	116.	115.
Mfg. only, no. of jobs	57.9	101.	101.	98.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100.	100.	100.
Industrial electric power sales	***	119.	122.	113.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	40.8	– 16.	+ 9.
Nonresidential contracts only	9.1	+ 86.	+128.

[1]Lancaster County

The July-September quarter also registered the first decline in the seasonally adjusted level of industrial electric power sales since the recession low in the fourth quarter of 1982. Nevertheless, these sales, which fell 1.8 percent last quarter, were almost 6 percent higher than a year earlier and more than 16 percent higher than the level prevailing in 1979, the year before the two most recent recessions.

The area's construction industry continued to gain strength. The value of contract construction awards for commercial and industrial buildings in the first three quarters was running 56 percent ahead of the depressed level of awards last year. The value of awards for residential buildings, which was very high last year, was 31 percent higher in the first three quarters of this year.

Philadelphia

The pace of the Philadelphia area economy slowed in the July-September quarter. However, the slackening was not evenly distributed among the major sectors; the nonmanufacturing sector climbed further along its steady expansion path while the manufacturing sector experienced further setbacks.

The seasonally adjusted number of nonmanufacturing jobs rose 0.7 percent last quarter, marking the eleventh straight quarter of employment gains and a new quarterly high.

At the same time, the seasonally adjusted job level in the manufacturing sector dropped another 0.4 percent and remained 13.6 percent below the level prevailing in 1979.

However, the area is in a good position for growth in the factory sector. The growth in other sectors provides an expanded network of support services for factories.

Furthermore, workers in factories already located in the area are putting in long hours. The average length of the factory workweek rose 0.5 of an hour after seasonal adjustment last quarter. At 40.3 hours, it was at its highest level since the first quarter of 1979. These long hours put pressure on factory employers to increase the work force for any further gains in output.

Industrial electric power sales were sluggish. The seasonally adjusted level of sales fell 0.9 percent from the previous quarter and was little changed from the third-quarter level one year ago.

The number of employed area residents rose in the third quarter, but after seasonal adjustment, total employment declined. The 1.2 percent drop was the largest among the state's metropolitan areas but was made from a record high in the second quarter.

The seasonally adjusted unemployment rate in the Philadelphia area rose to 7.2 percent in the third quarter from 6.8 percent a quarter earlier but remained a full percentage point below the year-earlier rate and the third lowest among the state's metropolitan areas.

The value of contract construction awards gained little last quarter. Nevertheless, the cumulative total so far this year was 34 percent ahead of the value last year for residential buildings and 31 percent ahead of last year's value for nonresidential buildings.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	2,123.4	111.	112.	109.
Unemployed, no. of residents	164.5	94.	85.	105.
Rate, seasonally adjusted	7.2			
Civilian labor force, no. of residents	2,288.6	109.	110.	108.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,969.0	108.	107.	105.
Nonmfg. only, no. of jobs	1,574.6	114.	114.	111.
Mfg. only, no. of jobs	393.5	88.	88.	87.
Hrs. worked by production workers in mfg., *ave. weekly*	40.1	101.	100.	100.
Industrial electric power sales				
Metropolitan area	***	99.	100.	100.
Chester	***	90.	92.	97.
Philadelphia	***	99.	101.	99.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	317.8	+ 0.	+31.
Nonresidential contracts only	306.6	+ 4.	− 9.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading

The Reading area economy failed to make further progress in the third quarter, but economic activity remained at a historically high level.

The seasonally adjusted number of area residents employed last quarter fell a slight 0.3 percent from second-quarter's record high. At the same time, the seasonally adjusted number of jobless residents rose, and the unemployment rate jumped to 8.1 percent from 7 percent in the second quarter.

Job losses were recorded in both the area's manufacturing and nonmanufacturing sectors, but the losses in nonmanufacturing industries were less than seasonal. Thus, the seasonally adjusted job level in these

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	153.3	112.	112.	110.
Unemployed, no. of residents	12.1	144.	127.	159.
Rate, seasonally adjusted	8.1			
Civilian labor force, no. of residents	165.4	114.	113.	113.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	141.0	107.	108.	104.
Nonmfg. only, no. of jobs	88.9	111.	110.	108.
Mfg. only, no. of jobs	51.9	102.	103.	98.
Hrs. worked by production workers in mfg., *ave. weekly*	40.1	103.	103.	104.
Industrial electric power sales	***	124.	121.	119.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	20.0	−27.	+ 18.
Nonresidential contracts only	9.7	−58.	+ 35.

[1] Berks County

industries rose for the seventh consecutive quarter and reached a new all-time high.

On the other hand, the area's manufacturing industries suffered more than seasonal employment losses. The seasonally adjusted number of factory jobs fell 1.5 percent from a quarter earlier but was 3.8 percent higher than the level in the third quarter of last year.

After seasonal adjustment, the average length of the factory workweek was unchanged from second quarter's 40.4 hours but was almost an hour short of the longest quarterly average workweek registered in the first quarter.

Sales of electricity to industrial users in the Reading area were also down from a record high in the first quarter. The seasonally adjusted level of sales rose 2.2 percent in the third quarter, which was not enough to fully recapture second quarter's 6.4 percent loss in sales.

The values of contract construction awards for both residential and nonresidential buildings were down in the third quarter. However, the year-to-date totals remained 26 percent and 49 percent, respectively, above the values in the same period a year earlier.

York

Employment conditions strengthened in the York metropolitan area during the third quarter. However, signs of a slowing in growth were evident in the level of industrial electric power sales and the length of the factory workweek.

The number of unemployed area residents rose in the third quarter, but the increase was due to an increase in the number of labor force participants, rather than a decline in employment. The seasonally adjusted number of employed residents rose 0.2 percent to 167,000 workers — only 800 workers less than the all-time high registered in the first quarter of 1980.

At the same time, the seasonally adjusted unemployment rate rose 0.7 of a percentage point to 8.7 percent.

York Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	170.2	112.	112.	110.
Unemployed, no. of residents	15.2	159.	148.	188.
Rate, seasonally adjusted	8.7			
Civilian labor force, no. of residents	185.4	115.	114.	115.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	154.7	109.	107.	105.
Nonmfg. only, no. of jobs	95.6	116.	114.	113.
Mfg. only, no. of jobs	59.0	99.	98.	93.
Hrs. worked by production workers in mfg., *ave. weekly*	41.3	100.	101.	100.
Industrial electric power sales	***	102.	103.	97.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	27.1	−17.	+20.
Nonresidential contracts only	14.5	+17.	+53.

[1]Adams and York Counties

Employment gains were evident in both the manufacturing and nonmanufacturing sectors, with the largest gains in nonmanufacturing industries. The seasonally adjusted number of nonmanufacturing industry jobs rose 1.8 percent to its highest level ever. The number of manufacturing jobs rose a much smaller 0.3 percent after seasonal adjustment and remained more than 11 percent below the average factory job level prevailing in 1979, the year before the two most recent recessions.

Factory job gains have been modest in the York area this year and will continue to be modest. The average length of the factory workweek dropped 0.4 of an hour after seasonal adjustment to 41.2 hours. Therefore, the current work force is no longer as stretched as it was a quarter ago, relieving pressure on employers to increase hiring.

Seasonally adjusted sales of electricity to local industries fell a slight 0.3 percent in the July-September quarter, indicating that industrial output has stabilized for the short term at least.

The value of residential building awards was down for the quarter while the value of nonresidential building awards picked up. The nine-month total value of residential awards this year was 22 percent higher than the value in the same period last year, and the nine-month total for nonresidential buildings was 61 percent higher.

Northeastern Quarter

Lehigh

Last quarter the Lehigh Valley economy continued to undergo major structural adjustments. The area economy has been gradually changing to one less dependent on cyclically sensitive heavy manufacturing.

In the third quarter of this year, only 35 out of every 100 jobs in the area were in manufacturing industries. This compares to 42 out of 100 in 1979, the year before the two most recent recessions. In the state as a whole, only 24 out of 100 nonfarm industry workers were employed in the manufacturing sector while, in the nation, a smaller 21 out of 100 worked in factories.

The seasonally adjusted number of factory jobs declined 0.4 percent in the July-September quarter for the second quarterly decline in a row. The factory job level remained above the recession low but was only 81 percent of the level prevailing in 1979.

At the same time, the seasonally adjusted number of nonmanufacturing jobs in the area rose 0.7 percent, which was the sixth consecutive quarterly increase in these jobs. The level was at its highest point ever and was more than 7 percent above the 1979 average.

Also at its highest level was the seasonally adjusted average length of the factory workweek, which rose 0.2 of an hour to 39.5 hours. The relatively long hours put in by factory workers may be reflecting altered work rules or a different industry mix. In the absence of these changes, the longer hours reflect increased production

and puts pressure on employers to increase the work force.

The seasonally adjusted level of industrial electric power sales rose 1.7 percent — more than regaining second quarter's 1.1 percent decline. Nevertheless, sales remained 0.2 percent below the level in the third quarter of last year and more than 5 percent below the 1979 average.

The area's construction industry is still struggling along. Awards for both residential and nonresidential buildings declined in value last quarter. Furthermore, while the nine-month total value of residential building awards was a small 8 percent above the value in the same period last year, the value for nonresidential building awards was 5 percent less than last year's value.

Northeast

The Northeast area economy is distinguished, along with the economy of the Pittsburgh metropolitan area, for making no marked improvement in employment over the year. The seasonally adjusted number of area residents employed in the third quarter was 259,400 workers, approximately where it stood in the third quarter of last year.

However, 2,600 more residents entered the labor force over the year. The failure of the economy to absorb these new entrants caused the seasonally adjusted jobless rate to increase to 12.5 percent from 11.8 percent in the same quarter last year. The Northeast was the only metropolitan area in Pennsylvania with a higher unemployment rate last quarter than a year earlier.

In contrast to other metropolitan areas in the state, growth in the nonmanufacturing sector in the Northeast has been sluggish. In the third quarter, the seasonally adjusted job level in the area's nonmanufacturing industries rose a small 0.3 percent from the second quarter and was only a slight 0.2 percent above the level in the third quarter of 1983.

The seasonally adjusted factory job level fell 0.6 percent in the third quarter, after an equal percentage decline in the second quarter. Nevertheless, the level was 3.1 percent higher than last year's third-quarter average.

There is little pressure on area factories to hire more workers in the immediate future. Factory workers were working the shortest week since the first quarter of 1983. The average length of the factory workweek fell 1.2 hours after seasonal adjustment.

Sales of electricity to industrial users also fell last quarter. The 1 percent decline in the seasonally adjusted level of sales was the first since the recession low in the fourth quarter of 1982.

A glow of hope for the Northeast came from business spending plans as reflected in commercial and industrial building construction awards. The value of contract construction awards for nonresidential buildings rose significantly in the third quarter and the nine-month total value of awards this year was almost three times the value in the same period last year.

On the other hand, the value of residential building awards, which were strong last year, declined in the third quarter and in the first nine months was only 19 percent ahead of last year's nine-month total.

Lehigh Valley Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	287.3	102.	103.	101.
Unemployed, no. of residents	29.3	147.	128.	165.
Rate, seasonally adjusted	9.8			
Civilian labor force, no. of residents	316.6	106.	105.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	256.4	99.	99.	98.
Nonmfg. only, no. of jobs	166.6	111.	110.	109.
Mfg. only, no. of jobs	89.7	83.	83.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	103.	103.	100.
Industrial electric power sales				
Metropolitan area	***	104.	103.	105.
Allentown	***	101.	102.	99.
Bethlehem	***	108.	107.	110.
Easton	***	104.	98.	99.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	51.9	– 9.	– 1.
Nonresidential contracts only	29.2	– 29.	– 43.

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Northeast Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	266.2	104.	105.	105.
Lackawanna County[2] only	94.7	104.	105.	105.
Luzerne County[3] only	142.6	105.	105.	105.
Unemployed, no. of residents				
Northeast metropolitan area	35.6	135.	117.	125.
Rate, seasonally adjusted	12.5			
Lackawanna County[2] only	9.9	108.	102.	115.
Luzerne County[3] only	22.9	152.	128.	132.
Civilian labor force, no. of residents				
Northeast metropolitan area	301.8	108.	106.	107.
Lackawanna County[2] only	104.7	105.	105.	106.
Luzerne County[3] only	165.5	110.	108.	107.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	237.0	101.	101.	100.
Nonmfg. only, no. of jobs	173.7	106.	106.	106.
Mfg. only, no. of jobs	63.2	89.	90.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	37.1	102.	105.	104.
Industrial electric power sales				
Northeast metropolitan area	***	104.	105.	99.
Lackawanna County[2] only	***	106.	103.	97.
Luzerne County[3]	***	96.	100.	94.
Hazleton	***	88.	91.	86.
Wilkes-Barre	***	100.	105.	96.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	37.9	– 12.	+ 24.
Nonresidential contracts only	44.8	+ 96.	+ 124.

[1]Lackawanna, Luzerne, and Monroe Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

Williamsport

Third-quarter events contributed to significant over-the-year gains in the Williamsport area economy. In a comparison of seasonally adjusted quarterly averages for the third quarter of this year and the same quarter last year, increases of 4.2 percent in total resident employment, 11.7 percent in the factory job level, 3.1 percent in the nonmanufacturing industry job level, and 20.5 percent in industrial electric power sales are revealed.

Third quarter's 0.4 percent increase in the seasonally adjusted level of total resident employment was accompanied by a larger 0.8 percent increase in the number of residents participating in the labor force. This caused the seasonally adjusted unemployment rate to increase to 11.5 percent from 11 percent in the second quarter, but it remained significantly below the 13.8 percent rate of a year ago.

The usual seasonal declines in manufacturing and nonmanufacturing employment did not take place in the July-September quarter. As a result, the seasonally adjusted level of factory jobs rose 2 percent while the adjusted level of nonmanufacturing industry jobs rose 1.3 percent.

At the same time, the average length of the factory workweek dropped a slight 0.1 of an hour and remained relatively long compared to historical data.

Sales of electricity to industries jumped a seasonally adjusted 8.8 percent in the third quarter, bringing the level of sales to the highest quarterly average recorded in the area.

The value of contract construction awards waned last quarter. But the year-to-date totals for the first three quarters of the year were ahead of values a year ago for both residential and nonresidential buildings. The nine-month value of residential building awards was 18 percent ahead of last year's nine-month total while the value of nonresidential building awards was almost three times the nine-month value of last year.

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	48.0	102.	101.	98.
Unemployed, no. of residents	5.7	132.	127.	158.
Rate, seasonally adjusted	11.5			
Civilian labor force, no. of residents	53.6	105.	104.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.6	99.	98.	94.
Nonmfg. only, no. of jobs	30.2	107.	106.	104.
Mfg. only, no. of jobs	15.2	86.	85.	77.
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	102.	102.	101.
Industrial electric power sales	***	112.	103.	93.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	4.1	−18.	+ 5.
Nonresidential contracts only	1.1	−95.	−84.

[1]Lycoming County

Northwestern Quarter

Erie

Most economic indicators for the Erie metropolitan area reflected improvement in the local economy during the third quarter. The exception was the manufacturing job level, which declined for the first quarter since the recession low in the second quarter of 1983.

At first brush, the seasonally adjusted unemployment rate appeared to show worsening conditions also; it rose to 10.2 percent from second quarter's 9.9 percent. But at the same time, total resident employment rose a seasonally adjusted 0.7 percent. The increase in the unemployed was due to an increase in the number of area residents participating in the labor force.

The seasonally adjusted number of nonmanufacturing jobs rose 2.4 percent in the July-September quarter, after little change in the first two quarters of the year. Third quarter's increase brought the nonmanufacturing job level to its highest point since the second quarter of 1980 and helped counteract the drop in the factory job level.

The total nonfarm industry job level has been inching up for more than a year but remains 9 percent below the average level prevailing in 1979, the year before the two most recent recessions.

Production workers continue to put in long hours in the area's factories. The average length of the factory workweek was unchanged last quarter, staying at a seasonally adjusted 42.5 hours — the longest average workweek in recent years.

The seasonally adjusted level of industrial electric power sales jumped 14.7 percent last quarter, reflecting increased industrial activity. But sales remained 9 percent below the pre-recession level.

The value of commercial and industrial contract construction awards show an improvement in business conditions from a year earlier. The nine-month total value of nonresidential building awards was 86 percent

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	114.2	101.	101.	99.
Unemployed, no. of residents	11.8	137.	134.	183.
Rate, seasonally adjusted	10.2			
Civilian labor force, no. of residents	126.0	104.	103.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	108.1	97.	96.	95.
Nonmfg. only, no. of jobs	71.2	106.	103.	104.
Mfg. only, no. of jobs	35.6	82.	84.	80.
Hrs. worked by production workers in mfg., *ave. weekly*	42.3	103.	103.	100.
Industrial electric power sales	***	99.	87.	84.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	13.5	− 1.	+ 5.
Nonresidential contracts only	19.2	+79.	+ 78.

[1]Erie County

ahead of last year's nine-month total.

On the other hand, residential building awards were running at about the same level as last year.

Sharon

The Sharon area economy continued to struggle along in the third quarter.

Total resident employment fell a seasonally adjusted 1.1 percent. The seasonally adjusted number of employed area residents was only 0.2 percent ahead of the level in the third quarter of last year and remained 12 percent below the level prevailing in 1979.

At the same time, the seasonally adjusted unemployment rate rose to 12.9 percent from 12.4 percent in the second quarter but was down from 16.4 percent in the third quarter of 1983.

The factory job level was unchanged after seasonal adjustment. More than a third of all factory jobs in the area was lost during the two back-to-back recessions — these jobs have yet to be regained.

In fact, industrial activity, as reflected in industrial electric power sales, continued to have setbacks. The seasonally adjusted level of sales dipped sharply in September, bringing the quarterly average down 5.1 percent from the second quarter.

The nonmanufacturing sector did not experience the usual seasonal decline in the July-September quarter. Therefore, the seasonally adjusted job level in these industries rose 1 percent from the second quarter. However, the increase was not enough to fully regain second quarter's 2 percent drop. Thus, the level was only a small 0.3 percent above where it stood in the third quarter of last year.

The value of nonresidential building construction contracts awarded in the third quarter was only half the value of the preceding quarter, but the three-quarter total value of these awards was still running a good 69 percent ahead of the cumulative value in the first three quarters of last year.

Residential building awards so far this year were valued 24 percent more than they were in the same period last year.

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	45.3	92.	93.	91.
Unemployed, no. of residents	6.2	156.	157.	213.
Rate, seasonally adjusted	12.9			
Civilian labor force, no. of residents	51.5	96.	98.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	40.2	89.	88.	88.
Nonmfg. only, no. of jobs	29.0	100.	100.	100.
Mfg. only, no. of jobs	11.2	68.	68.	65.
Industrial electric power sales	***	107.	112.	112.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	7.0	+ 6.	+30.
Nonresidential contracts only	4.9	−50.	+32.

[1]Mercer County

Southwestern Quarter

Altoona

The Altoona area economy lifted itself out of a rut last quarter, with the first significant gains in employment in a year. The seasonally adjusted level of total employment rose 1.9 percent in the third quarter, after rising only 0.4 percent in the preceding three quarters.

The employment gain in the Altoona area, in contrast to other metropolitan areas in Pennsylvania, was greater than the quarterly rise in the civilian labor force. As a result, the number of unemployed area residents dropped, and the seasonally adjusted jobless rate fell to 11.5 percent from 12.4 percent in the second quarter and 16 percent in the third quarter of last year. The area's jobless rate in the July-September quarter was at its lowest level since the second quarter of 1981.

Job gains took place in both the manufacturing and nonmanufacturing sectors. The seasonally adjusted factory job level rose 1.8 percent, completely offsetting the drop in the second quarter and matching the first quarter level. At the same time, the length of the factory workweek dropped 0.8 of an hour.

Third quarter's rise in seasonally adjusted nonmanufacturing employment more than recaptured job losses in the second quarter. But despite the strong gains in both sectors, the number of nonfarm industry jobs remained well below pre-recession levels.

Seasonally adjusted sales of electricity to industrial users fell back 0.4 percent. But the third-quarter level was brought down by a temporary dip in sales in August; September's sales were up again.

Another indicator with a strong third quarter showing was the value of contract construction awards for nonresidential buildings, which was more than five times the level in the previous quarter. The nine-month total

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	51.0	96.	94.	93.
Unemployed, no. of residents	5.9	156.	172.	226.
Rate, seasonally adjusted	11.5			
Civilian labor force, no. of residents	56.9	100.	99.	103.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.8	92.	89.	89.
Nonmfg. only, no. of jobs	36.4	94.	91.	92.
Mfg. only, no. of jobs	11.4	86.	84.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	39.3	103.	104.	102.
Industrial electric power sales	***	86.	86.	78.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	8.2	+ 14.	+ 14.
Nonresidential contracts only	8.7	+412.	+625.

[1]Blair County

value of these awards was almost three times the value in the same period last year.

More moderate gains were seen in the value of residential building awards. The nine-month total was only 10 percent higher than a year earlier.

Johnstown

The Johnstown area economy was still being dragged down by a contracting manufacturing sector in the third quarter.

The seasonally adjusted job level in the area's factories fell 5.5 percent from the second quarter and was 2.4 percent below the level in the third quarter of 1983. Johnstown was the only metropolitan area in the state, besides Pittsburgh, that had fewer factory jobs last quarter than a year earlier. The seasonally adjusted manufacturing job level was only 200 jobs above the recession low of 11,900 jobs registered in the second quarter of 1983.

In addition, the average length of the factory workweek was 1.1 hour shorter than the previous quarter after adjustment for seasonal variation. The decline reduces pressure on factory employers to increase their work force.

Decreased manufacturing activity was also reflected in lower sales of electricity to industrial users. Last quarter's 6.2 percent drop in the seasonally adjusted level of industrial electric power sales was the first decline in this measure since the recession low in the first quarter of 1983.

Job gains in the nonmanufacturing sector offset losses in the manufacturing sector, raising the seasonally adjusted total nonfarm industry job level 0.8 percent in the third quarter. The 1.8 percent increase in the seasonally adjusted nonmanufacturing job level brought it 4.1 percent above the quarterly low in the second quarter of 1983, but it remained more than 10 percent below the average number of nonfactory jobs in 1979, the year before the recent recessions.

Total resident employment was little changed in the third quarter after seasonal adjustment while the seasonally adjusted civilian labor force increased 1 percent. The increase in the number of residents participating in the labor force resulted in an increase in the seasonally adjusted number of persons counted as unemployed; the jobless rate rose to 15 percent in the third quarter from 14.2 percent a quarter earlier.

The value of contract construction awards was also down last quarter. The nine-month cumulative value of nonresidential building awards was 85 percent ahead of the value in the same period last year, but 1983 was an especially bad year for commercial and industrial construction in the Johnstown area. The cumulative value of residential building awards was trailing last year's value by 15 percent.

Pittsburgh

The Pittsburgh area economy, yet to recover from the 1980 and 1981/82 recessions, is reeling from another set of layoffs in its manufacturing sector.

Last quarter the seasonally adjusted number of factory jobs in the Pittsburgh metropolitan area declined 3.6 percent, after dropping 2 percent in the second quarter. The factory job level never did turn up after the recession but kept right on declining to its current low of 158,100 jobs. This compares to an average 255,100 factory jobs in 1979.

The number of hours put in by production workers in the area's factories had fully recovered, rising to a high 41.4 hours in the second quarter. Hours worked typically turn up before employment levels. However, last quarter the workweek fell back to an average 40.7 hours.

Job gains did occur in the nonmanufacturing sector. The seasonally adjusted nonmanufacturing job level rose 0.9 percent in the third quarter to match the average level prevailing in 1979.

Total resident employment rose less than the usual

Continued on back page.

Johnstown Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	88.7	88.	88.	88.
Unemployed, no. of residents	14.0	142.	135.	186.
Rate, seasonally adjusted	15.0			
Civilian labor force, no. of residents	102.7	102.	101.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	75.8	85.	85.	82.
Nonmfg. only, no. of jobs	63.4	94.	93.	92.
Mfg. only, no. of jobs	12.4	57.	60.	58.
Hrs. worked by production workers in mfg., *ave. weekly*	36.7	94.	96.	94.
Industrial electric power sales	***	152.	162.	90.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	10.7	−16.	−52.
Nonresidential contracts only	5.5	−59.	−33.

[1]Cambria and Somerset Counties

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	3 Q.'84	3 Q.'84	2 Q. 84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	904.5	98.	98.	98.
Unemployed, no. of residents	117.6	186.	175.	216.
Rate, seasonally adjusted	11.9			
Civilian labor force, no. of residents	1,022.0	103.	104.	106.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	862.0	94.	94.	94.
Nonmfg. only, no. of jobs	703.1	106.	105.	105.
Mfg. only, no. of jobs	158.1	63.	65.	66.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	101.	102.	98.
Industrial electric power sales	***	71.	82.	69.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	103.4	−17.	−13.
Nonresidential contracts only	123.1	+34.	−16.

[1]Allegheny, Beaver, Washington, and Westmoreland Counties

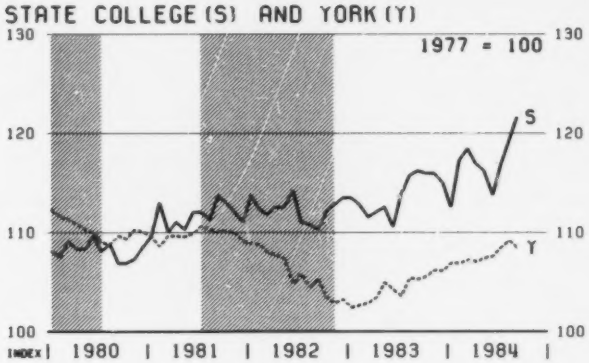
Area Graphs

Total Nonfarm Industry Jobs

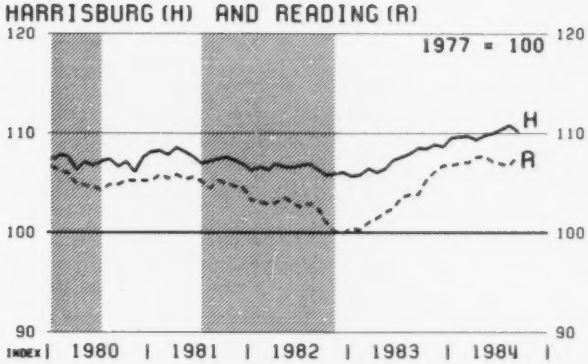
Seasonally Adjusted Indexes

(1977 = 100)

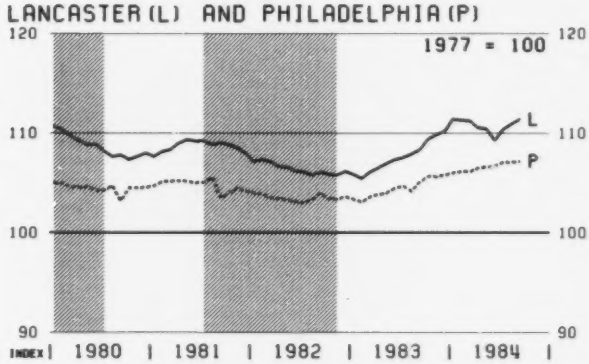
STATE COLLEGE (S) AND YORK (Y)



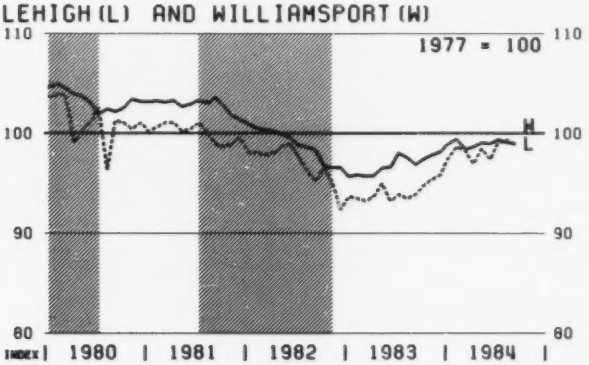
HARRISBURG (H) AND READING (R)



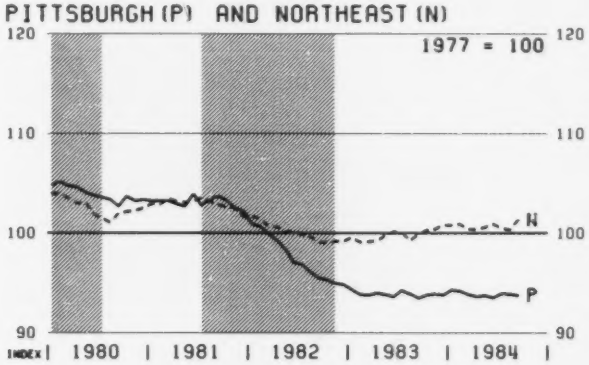
LANCASTER (L) AND PHILADELPHIA (P)



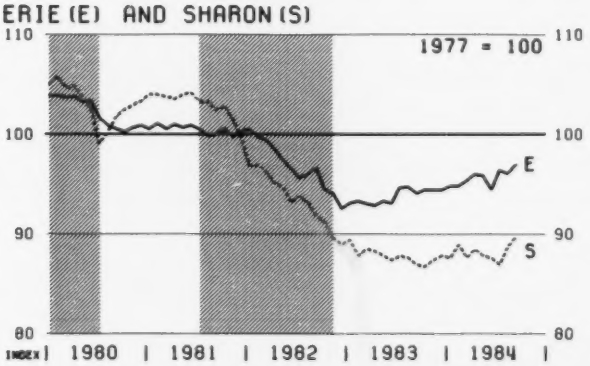
LEHIGH (L) AND WILLIAMSPORT (W)



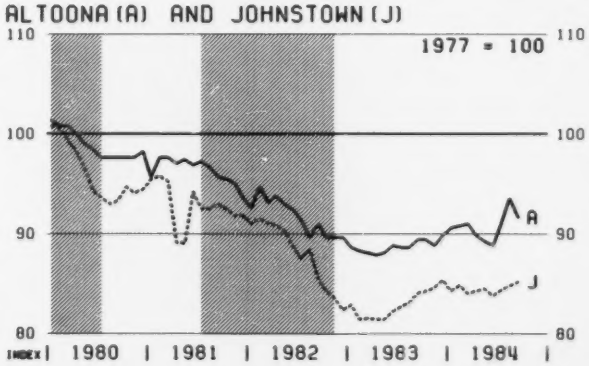
PITTSBURGH (P) AND NORTHEAST (N)



ERIE (E) AND SHARON (S)



ALTOONA (A) AND JOHNSTOWN (J)



Continued from page 10.

seasonal amount. Therefore, the seasonally adjusted employment level fell 1 percent. Pittsburgh was the only metropolitan area in the state, besides Northeast, Pa., that had a lower total employment level in the third quarter of this year than in the same quarter last year.

At the same time, the number of residents counted as unemployed rose. The seasonally adjusted unemployment rate went from an average 11.1 percent in the second quarter to 11.9 percent in the third.

The decline in manufacturing activity last quarter slowed the sales of electricity to area industries dramatically. The seasonally adjusted level of industrial electric power sales fell a sharp 13.2 percent. Third quarter's drop was the first since the recession low of fourth quarter 1982, but sales remained only two-thirds of the level prevailing in the year before the back-to-back recessions.

Construction contracts awarded in the Pittsburgh area were making no marked gains this year. The value of nonresidential building awards rose slightly in the third quarter but the value of residential building awards declined.

State College

The economy of the State College metropolitan area was dominated by good news in the third quarter. The seasonally adjusted level of total resident employment rose 1.5 percent, registering a new quarterly high of 48,900 workers.

The number of labor force participants also swelled to its highest seasonally adjusted level, pushing the number of residents counted as unemployed up. The seasonally adjusted unemployment rate in the area, which includes all of Centre County, rose to 8.5 percent from 7.8 percent in the second quarter.

Third-quarter employment gains were concentrated in the nonmanufacturing sector. The seasonally adjusted job level in this sector rose 4.1 percent to a new high. The growth in the area's nonmanufacturing sector lost little speed during the recessions. By the third quarter, the seasonally adjusted quarterly average was 15 percent above the average prevailing in 1979.

On the other hand, the manufacturing sector has had no marked employment gains since the first quarter. Nevertheless, it stood at a level just below the all-time high of 8,000 jobs.

Seasonally adjusted sales of electricity to industrial users fell a slight 0.3 percent in the third quarter, indicating that the expansion in industrial activity in the area may be cooling off. Last quarter's decline was the first since the recession low in the fourth quarter of 1982.

The construction boom in the area is also cooling its heels. The value of contract construction awards tends to be a very volatile series, especially for smaller areas. Thus, while the third-quarter value of nonresidential building awards was two and a half times the second-quarter value, the nine-month total value of these awards trailed last year's value 23 percent.

Conversely, residential building awards dropped in the third quarter from the second, but the three-quarter total was up from last year.

— Norma I. Gavin

State College Area[1]

	Ave. mo. value 3 Q.'84	Average monthly index seas. adj. (1977 = 100) 3 Q.'84	2 Q.'84	3 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	49.2	119.	116.	116.
Unemployed, no. of residents	4.3	173.	154.	197.
Rate, seasonally adjusted	8.6			
Civilian labor force, no. of residents	53.5	122.	118.	121.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.4	119.	116.	115.
Nonmfg. only, no. of jobs	39.6	119.	114.	116.
Mfg. only, no. of jobs	7.8	121.	124.	114.
Industrial electric power sales	***	107.	107.	95.

Construction contracts awarded *(in millions of dollars)*	Total 3 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	12.2	– 24.	– 17.
Nonresidential contracts only	4.9	+ 158.	– 29.

[1]Centre County

PENNSYLVANIA BUSINESS SURVEY
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The Pennsylvania State University
University Park, Pennsylvania 16802

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